
Eligible Activities

Eligible Applicants

1. Non-profit organizations that:

- Are 501(c)3 or 501 (c)4;
- Are in good standing with the Indiana Secretary of State's office. Applicants are required to submit a Certificate of Existence from the Office of the Secretary of State that is less than 6 months old. The certificate can be obtained online at www.in.gov/sos/business/corps/about_outline.html for \$21.42;
- Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual;
- Have a functioning accounting system that is operated in accordance with generally accepted accounting principles, or have designated an entity that will maintain such an accounting system;
- Have among its purposes significant activities related to providing services or housing to persons with acquired immunodeficiency syndrome (AIDS) or related diseases;
- Can demonstrate integration, or the willingness to partner, with the existing HIV/AIDS Continuum of Care in the local region;
- Are eligible to participate in HUD programs (not on HUD's debarred list);
- Are in good standing with IHFA (not on the suspension list or otherwise precluded from applying for funding).

2. Governmental Housing Agencies that:

- Are public housing authorities; or
- Are units of government chartered by the chief elected official to provide housing activities within the political jurisdiction.

Eligible Activities

Housing Information

- Counseling, information and referral services to assist an eligible person to locate, acquire, finance and maintain housing;
- Salary for housing counselor;
- Costs of producing informational materials to educate clients on available housing opportunities.

Resource Identification

- Conducting preliminary research and making expenditures necessary to determine the feasibility of specific housing related initiatives;
- Needs assessments;
- Site identification work;
- Feasibility studies;
- HUD approved conferences and trainings.

Rental Assistance

- Ongoing monthly tenant-based rental assistance provided to a household for a period not to exceed a 12-month award term;
- Project-based rental assistance provided to a unit where eligible beneficiaries will reside;
- Security deposits;
- Utility hook-up fees (gas, electric, water);
- Clients can not maintain any ownership interest in the unit receiving assistance;
- Clients must have executed leases covering the term of assistance;
- Client's name(s) must be on the lease (unless under the age of 18);
- Cost of conducting housing quality standards inspection.

Rental Assistance Program Delivery

- Staff time administering the rental assistance line item.

Short-term Rent, Mortgage and Utility Assistance

- Short-term rent, mortgage and/or utility payment to prevent the homelessness of the tenant or mortgagor of a dwelling;
- Clients must present a copy of their delinquent lease, mortgage and/or utility bill in order to receive assistance;
- The client's name must appear on the lease, mortgage and/or utility bill (unless under the age of 18) or otherwise demonstrate financial responsibility for the delinquent payment;
- Assistance is limited to 5 months out of an award term.

Short-term Rent, Mortgage and Utility Assistance

- Staff time administering the short-term rent, mortgage and utility assistance line item.

Supportive Services

- Food and nutrition provision for eligible clients via food banks or grocery store certificates;
- Transportation assistance offered through mileage reimbursement, gas cards, bus tokens, cab vouchers;
- Transportation assistance can only be provided to assist clients traveling to the doctor, school and/or employment;
- Staff time working with clients in gaining access to mainstream resources (Medicaid, Food Stamps, SSI, etc.);
- Provision of mental health and substance abuse services necessary to keep clients successfully housed.

Operating Costs

- Operating costs for dedicated HIV/AIDS housing units;
- Insurance;
- Utilities;
- Furnishings/equipment;
- Maintenance;
- Security.

Technical Assistance

- Any pre-development or pre-construction expense related to establishing and operating a community residence;
- Housing planner;
- Feasibility study;
- HUD approved conferences and trainings.

Administration

- Costs directly related to administering an IHFA HOPWA award and complying with the regulations associated with these funds;
- This line item and environmental review cannot exceed 7% of a HOPWA request. Additionally, this line item along with environmental review, housing activity program delivery and developer's fee cannot exceed 20% of the HOPWA request;
- Postage;
- Telephone;
- Internet;
- Copying.

Construction/Rehabilitation Housing Activity Line Items

Eligible rehabilitation activities include: transitional housing, permanent supportive housing and rental housing. For those proposing to do new construction housing, it must be provided in the form of single room occupancy dwellings or community residences.

In addition to the costs listed above, the following costs would be eligible.

Acquisition

- Limited to the purchase price and related costs associated with the acquisition of real property. Recipients must use a title company when purchasing or selling assisted properties.

Rehabilitation

- Hard costs associated with rehabilitation activities.
- Lead-based paint interim controls and abatement costs.
- Utility connections including off-site connections from the property line to the adjacent street.
- Related infrastructure costs - improvements to the development site that are in keeping with improvements of surrounding, standard developments. Site improvements may include on-site roads and water and sewer lines necessary to the development.
- For multifamily rental housing, costs to rehabilitate an on-site management office, the apartment of a resident manager, or laundry or community facilities which are located within the same building as the housing and which are for the use of the tenants and their guests.
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners.
- Contingency funds used for unanticipated hard cost overruns or change orders.

New Construction

- This is limited to single room occupancy (SRO) dwellings and community residences only. Hard costs associated with new construction activities.
- Utility connections including off-site connections from the property line to the adjacent street;
- Site work related to driveways, sidewalks, landscaping, etc.
- Related infrastructure costs - improvements to the development site that are in keeping with improvements of surrounding, standard developments. Site improvements may include on-site roads and water and sewer lines necessary to the development.
- For multifamily rental housing, costs to construct an on-site management office, the apartment of a resident manager, or laundry or community facilities that are located within the same building as the housing and are for the use of the tenants and their guests
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners.
- Contingency funds used for unanticipated hard cost overruns or change orders.

Housing Activity Program Delivery

- Housing Activity program delivery costs are those costs that can be directly tracked by address. They include soft costs and client related costs that are reasonable and necessary for the implementation and completion of the proposed housing activity. This line item along with administration, environmental review, and developer's fee cannot exceed 20% of the HOPWA request.

Eligible costs include:

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|---------------------------------------|-----------------------------------|-----------------------------------|
| Engineering/Architectural Plans | Title searches | Lead hazard testing |
| Plans, specifications, work write-ups | Recording fees | Realtor fees |
| Inspections | Appraisals | Legal and accounting fees |
| Cost estimates | Travel to and from site | Utilities of assisted units |
| Building permits | Builders risk insurance | Phase I Environmental Assessments |
| Demolition permits | Consultant fees | Other professional services |
| Financing costs | Client intake/income verification | |
| Program delivery costs | Impact fees | |

Developer's Fee

- This line item cannot exceed 15% of the HOPWA award. Additionally, this line item along with administration, housing activity program delivery, and environmental review cannot exceed 20% of the HOPWA award.

Environmental Review

- This line item includes expenses associated with the Section 106 Historic Review and environmental review release of funds process. This does not refer to a Phase I Environmental Assessment.
- This line item along with administration may not exceed 7% of the HOPWA request.
- Additionally, this line item along with administration, housing activity program delivery, and environmental review cannot exceed 20% of the HOPWA request.
- Eligible costs for this line item are generally between \$2,000 and \$5,000 and include professional services, publication costs, photocopying, and postage. For further information, refer to the [Environmental and Historic Review Handbook](#) or contact the HOPWA Coordinator at (800) 872-0371 for further guidance.

Eligible Beneficiaries

- A person with acquired immunodeficiency syndrome (AIDS) or related diseases who is a low income individual as defined in 24 CFR Part 574.3, and the person's family;
- Beneficiaries must provide documentation of HIV/AIDS and low-income status prior to receiving HOPWA assistance;
- Beneficiaries must reside in Indiana;
- Services must be provided in Indiana.

A person with AIDS or related diseases or a family member regardless of income is eligible to receive housing information services.

Household income cannot exceed 80% of the area median family income (adjusted for household size) for the county of residence. Section 8 definitions of household income apply.

Persons who benefit from HOPWA assistance must be engaged in care coordination or case management services. HOPWA award recipients are required to demonstrate participation in care coordination or case management for all clients receiving assistance.

Regulatory Requirements

1. All regulatory HOPWA requirements in 24 CFR Part 574 must be met.
2. If applicable, the HOPWA program must be in compliance with the Uniform Relocation Act.
3. The housing must meet the housing quality standards as listed in 24 CFR Part 574.310 (b).
4. All housing units assisted must meet the regulatory requirements for lead-based paint listed in 24 CFR Part 35.
5. If applicable, the HOPWA program must complete an Environmental Review Record as mandated under the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C 4321, as amended or supplemented, and other Provisions of Federal law, as specified at 24 C.F.R. 58.1 (a) (3) and (4) prior to release of funds.

Requirements and Certifications

The requirements and certifications must be signed by the Applicant's Executive Director and/or President of the Applicant's governing body (Board of Directors, etc.). The requirements and certifications must contain an original signature.

Resolutions

The Applicant's governing body must adopt or pass as an official act a resolution, motion, or similar action authorizing the filing of the application, including all understanding and assurances contained therein, and directing and authorizing the person identified as the official representative of the Applicant to act in connection with the application and to provide such additional information as may be required.

As part of award execution, the Applicant's governing body is required to consent and adopt resolutions accepting the HOPWA funds and agreeing to the terms of the award agreement. A resolution will be available with the award agreement documents for the Applicant's governing body to adopt and sign.

Rent Restrictions

- The amount of subsidy provided on behalf of a beneficiary for a unit receiving long-term rental assistance must be calculated using the greater of the fair market rent or actual unit rent.
- The amount of rent charged for units receiving project based rental assistance may not exceed the published HUD fair market rent limits.

Construction/Rehabilitation Housing Activity

The following provisions are applicable to your housing activity.

Eligible Housing Activities

This program is intended to have a long-term impact on the availability and quality of the affordable housing stock for low-income persons living with HIV/AIDS in Indiana.

Any major household system repaired or replaced as part of the rehabilitation process must meet the stricter of the Indiana State Building Code or local building codes. Funds may be used to remedy conditions that, while not posing an immediate threat to health and safety, represent an ongoing threat to the structural integrity of a building and may eventually result in an emergency situation. Rehabilitation activities may be completed to incorporate accessibility design.

All new construction must meet the stricter of the Indiana State Building Code or the local rehabilitation standards.

- For all activities, if there is a long-term lease agreement on the property, a 99-year lease must be recorded in the county recorder's office of the county in which the property is located prior to award document preparation. See IHFA's HOPWA Implementation Manual for additional information.
- SRO housing consists of single room dwelling units that are the primary residence of the occupant(s). If the activity consists of conversion of non-residential space, reconstruction, or new construction, SRO units must contain either kitchen or bathroom facilities (they may contain both). For activities involving acquisition or rehabilitation of an existing residential structure, neither kitchen nor bathroom facilities are required to be in each unit. However, if individual units do not contain bathroom facilities, the building must contain bathroom facilities that are shared by tenants. SRO housing does not include facilities for students.

Forms of Assistance for Housing Activities

IHFA will provide HOPWA funds to a recipient in the form of a forgivable loan that will remain in place until the end of the affordability period: 2-year construction loan that turns to permanent financing at construction completion.

Loan documents must be executed in order to access funds and may include, but are not limited to: loan agreement, borrower's resolution, promissory note, mortgage, security agreement, collateral pledge, and/or declaration of affordability commitment.

The applicant may then provide the HOPWA award as a forgivable, amortized, or deferred loan to as many other entities as they choose. However, these entities must be identified in the application and approved by IHFA.

A title company is required to be used for all loans that occur between the IHFA recipient and the beneficiary or subgrantee of the program. For example, an IHFA recipient is assisting a property that they do not own. When the loan is made from the IHFA recipient to the subgrantee, a title company must be used.

If there will be proceeds from this award, the recipient must contact and get approval from IHFA regarding the reuse of these funds. The entities receiving the loans from the IHFA recipient may not reloan the funds to any other organizations or individuals.

Additionally, all legal documents between the IHFA recipient and assisted organization must be recorded at the county recorders office. These documents will be reviewed at monitoring by IHFA.

The State of Indiana, [Department of Financial Institutions](#), may require any entity providing secondary financing, and that also meets certain criteria listed below, to be licensed by the State of Indiana.

1. The loans must be issued in the entities' name.
2. The entity must be regularly engaged in making loans by issuing either more than five (5) loans secured by a second mortgage (lien) or more than twenty-five (25) loans if not secured by a mortgage within a twelve (12) month period.
3. The debt repayment or contractual obligation must be for a term of more than four (4) installments or impose a finance charge at repayment.

An application for a loan license as well as a brochure on lending is available at the [Department of Financial Institutions](#) website under consumer credit.

Housing Activity Provisions

- The applicant is required to complete the environmental review record prior to release of funds. All applicants for single site activities must have also completed the Section 106 Review prior to release of funds. Refer to the [Environmental and Historic Review Handbook](#) for further explanation of these requirements.
- All subrecipients and administrators must provide evidence they are in good standing with the Indiana Secretary of State. A copy of the Certificate of Existence that is less than 6 months old (as of the application due date) must be provided with the application. This certificate can be ordered through the [Indiana Secretary of State's website](#).
- If the applicant is proposing to do acquisition only:
 - They must certify that there will be no rehabilitation work as part of this undertaking and that the property to be purchased is decent, safe, sanitary, and in good repair in accordance with HUD's Housing Quality Standards.
 - No environmental review is required for such activities.
- Award recipients will be required to provide proof of adequate builder's risk insurance, property insurance, and/or contractor liability insurance during construction and property insurance following construction for the assisted property throughout the affordability period of the award. Additionally, recipients doing owner-occupied rehabilitation must also stipulate that adequate property insurance be maintained throughout the affordability period in their beneficiary loan documents.
- Recipients of HOPWA awards for housing activities will be required to report certain information about beneficiaries of assisted units to IHFA annually throughout the affordability period. See IHFA's HOPWA Implementation Manual for further guidance.
- Applicants that are proposing to develop transitional housing must participate in the Homeless Management Information System (HMIS) as it becomes available in the State of Indiana.
- Rehabilitation and new construction of the housing activity is prohibited in the 100-year floodplain.

Rent Restrictions

- HOPWA-assisted rental units will be rent controlled throughout the affordability period to ensure that the units are affordable to low-income households.
- If an SRO-unit has neither food preparation nor sanitary facilities, or only one, the rent may not exceed 75 percent of the FMR for a zero-bedroom unit. For example, the Fair Market Rent for a 0-bedroom unit in a given county is \$300. The 40% rent limit for an SRO unit in that county that only has a bathroom and not a kitchen would be \$225 ($\$300 \times 75\% = \225).
- Published rent limits include the cost of any tenant-paid utilities. You must subtract from the published rent limit an IHFA or HUD approved utility allowance for all utilities that the tenant will be responsible for. For example, the rent limit in a given county is \$300. The utility allowance for gas heat is \$28, for other electric is \$20, and for water is \$13. For a unit where the tenant will pay for gas heat, other electric, and water, the maximum allowable rent would be \$239 ($\$300 - \$28 - \$20 - \$13 = \239).
- If the applicant proposes to receive all or a portion of the rent payment via a tenant-based voucher (rental subsidy), the total tenant rent cannot exceed the published rent limits for the applicable income level. For example, a tenant residing in a unit set-aside for households at or below 40% of the area median income has a voucher that pays \$100 of his/her rent, and the published utility allowance for tenant paid utilities for the unit is \$50. If the published 40% Rent Limit is \$300, the tenant paid portion of rent cannot exceed \$150 ($\$300 \text{ Rent Limit} - \$100 \text{ Section 8 Voucher} - \$50 \text{ Utility Allowance} = \$150 \text{ Maximum Tenant Paid Portion}$).

- If the development receives federal or state project-based rent subsidy and tenants at or below 50% AMI pay no more than 30% of his/her adjusted income for rent, the maximum rent may be the rent allowable under the project-based subsidy program.
- Rent limits do not include food or the costs of supportive services.
- All tenants who occupy HOPWA-assisted housing units must be income recertified on an annual basis. The Section 8 definition of household income applies.

Affordability Period

For a period of 10-years any development assisted with new construction, substantial rehabilitation or acquisition of a building or structure must remain a facility for persons living with HIV/AIDS.

For a period of 3-years for any development assisted not involving substantial rehabilitation or repair of a building or structure must remain a facility for persons living with HIV/AIDS.

Subsidy Limits

HOPWA funds used for acquisition, rehabilitation, new construction, program delivery and developer's fee may not exceed:

- \$35,000 per 0 bedroom/efficiency unit, or
- \$40,000 per 1 or 2 bedroom unit, or
- \$50,000 per 3 or more bedroom unit.

Community Residences

Prior to execution of an award, you must demonstrate the following:

- Service Agreement – a certification that the project sponsor will itself provide services to eligible persons; or an agreement with an organization that will provide the services for the eligible persons;
- Adequacy of Funds – a certification that the project sponsor has sufficient funding to provide the services; or an analysis of the service level needed for each community residence, a statement of who will be providing the services and a statement of how they services will be provided.
- Capability – a certification that the project sponsor is qualified to provide the service or the service provider is qualified to provide the service.

Development Packages

- Applications for transitional, permanent supportive, and rental housing must include a completed Supplemental or Rental Development Package, as appropriate. If the housing activity is scattered site, the applicant must complete the Scattered Site Rental Development Proforma. If the application for scattered site rental has more than one owner, a Scattered Site Rental Development Proforma must be completed for each owner.
- Rental and permanent supportive housing award recipients will be required to submit a back-end underwriting form with their close out documents. IHFA will compare this information with the original application. If there are any changes that would have originally resulted in a lower award amount, the applicant may be required to repay a portion of the award.

Underwriting Guidelines

The following are underwriting guidelines for permanent supportive housing or rental developments. The numbers submitted in the application should reflect the nature and true cost of the proposed activity. IHFA will consider any underwriting outside of these guidelines if supporting documentation is provided.

- Operating Expenses – IHFA will consider the reasonableness of operating expenses for each development based on information submitted by the Applicant.
- Management Fee – 5%-7% of “effective gross income” (gross income for all units less Vacancy Rate).
 - 1-50 units 7%
 - 51-100 units 6%
 - 100+ units 5%

- Vacancy Rate – 5%-8%
- Rental Income Growth – 1%-3%/year
- Operating Reserves – four (4) – six (6) months (operating expenses plus debt service)
- Replacement Reserves New Construction: \$250 - \$300 Rehabilitation: \$300 - \$350
- Operating Expense Growth – 2%-4%/year.
- Stabilized debt coverage ratio (usually in year 2) – 1.15-1.35
- Developments structured with no hard debt –minimum cash flow before deferred developer fee must be at least \$300 per unit annually.

NOTE: IHFA will require at least a 1% spread between operating expense growth and rental income growth. Required Documentation: 1) Data supporting the operating expenses and replacement reserves stated in the proforma and 2) If the underwriting is outside these guidelines the Applicant must provide a detailed explanation.

Definitions

Substantial rehabilitation is defined as rehabilitation that involves costs in excess of 75% of the value of the building after rehabilitation.

Community Residence is defined as a multiunit residence designed for eligible persons to provide a lower cost residential alternative to institutional care; to prevent or delay the need for such care; to provide a permanent or transitional residential setting with appropriate services to enhance the quality of life for those who are unable to live independently; and to enable such persons to participate as fully as possible in community life.